

Town of Altamont

**Financial Statements**

*For the year ending June 30, 2015*

## Table of Contents

Table of Contents .....	2
Independent Auditors' Report .....	4
Management Discussion and Analysis .....	6
Government-wide Financial Statements:	
Statement of Net Position .....	11
Statement of Activities .....	12
Reconciliations:	
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet—Governmental Funds .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances:	
Governmental Funds .....	16
Budget and Actual—General Fund .....	17
Statement of Net Position—Proprietary Funds .....	18
Statement of Revenues, Expenses, and Changes in Fund Net Position—Proprietary Funds .....	19
Statement of Cash Flows—Proprietary Funds .....	20
Notes to Financial Statements .....	21
Schedule of Condition Assessment for Infrastructure .....	30
Compliance and Management Section:	
Compliance and Control (Yellow Book) Report .....	31
Utah State Legal Compliance Report .....	32

## Financial Section

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

## Independent Auditors' Report

Town of Altamont  
Altamont, Utah

We have audited the accompanying financial statements of the governmental activities and business-type activities of the Town of Altamont, as of and for the year ended June 30, 2015, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, of the Town of Altamont as of June 30, 2015, and the respective changes in financial position and, if applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and infrastructure condition assessment be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Aycock, Miles & Associates, CPAs*

December 18, 2015

## Management's Discussion and Analysis

As management of the Town of Altamont (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2015.

### Financial Highlights

- Assets exceeded liabilities at closest year-end:  $\$2,755,625 - \$693,172 = \$2,062,454$ . Of this amount, \$596,309 is unrestricted and available to meet the Town's ongoing obligations.
- The Town had \$666,000 in long-term debt at the closest year-end, a decrease of \$25,000.
- Net position increased by \$31,506 from the prior year.
- The Town's total assets of \$2,755,625 were 26% cash and receivables.
- Current assets exceed current liabilities (excluding restricted cash) at closest year-end:  $\$710,095 - \$52,172 = \$657,923$ .

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**—The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the Town is general administration, parks, roads, cemetery and fire department. The Town's business-type activities include a utility fund only.

Governmental-wide financial statements can be found on pages 11-12 of this report.

**Fund financial statements**—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for

governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund. The Town considers both governmental funds to be major funds.

*Proprietary funds*—Of the two type of proprietary funds, enterprise and internal service funds, the Town maintains one individual enterprise funds: a utilities fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the governmental fund balance sheet and the proprietary fund statement of revenues, expenditures, and changes in net position for both of these proprietary funds. The Town considers the utilities fund to be a major fund.

The Town adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the general fund and the special revenue fund (roads) to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 15-20 of this report.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-29 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$2,062,454 at the close of the most recent fiscal year.

The smallest portion of the Town's net position was restricted assets, which primarily made up of restricted cash for roads and reserve requirement for 2011 sewer replacement bond. Legally restricted assets comprise 4%. Unrestricted net position accounted for 29% of the Town's total net position. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Capital assets comprised 67% of total net position, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

Capital projects are, for the most part, fully funded by grants and loans.

Net Assets	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Current and other assets	\$ 586,156	\$ 554,721	\$ 123,939	\$ 113,565
Net capital assets	<u>213,833</u>	<u>191,399</u>	<u>1,831,697</u>	<u>1,889,540</u>
Total assets	799,989	746,120	1,955,636	2,003,105
Current liabilities	23,434	23,528	28,738	28,750
Long-term liabilities	<u>-</u>	<u>-</u>	<u>641,000</u>	<u>666,000</u>
Total liabilities	23,434	23,528	669,738	694,750
Net assets:				
Capital assets, net of related debt	213,833	191,399	1,165,697	1,198,540
Restricted	67,226	66,530	26,368	19,388
Unrestricted	<u>495,496</u>	<u>464,664</u>	<u>93,833</u>	<u>90,427</u>
Total net assets	<u>\$ 776,555</u>	<u>\$ 722,592</u>	<u>\$ 1,285,898</u>	<u>\$ 1,308,355</u>

**Government activities**— Key elements of the governmental activities and business-type activities are as follows.

Change in Net Assets	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Program revenues:				
Charges for services	\$ 76,339	\$ 76,900	\$ 58,546	\$ 57,674
Operating grants	13,966	15,066	-	-
Capital grants	22,886	80,000	-	-
General revenues:				
Property taxes	18,606	14,995	-	-
Sales tax	107,735	118,250	-	-
Earnings on investments	<u>5,590</u>	<u>2,513</u>	<u>323</u>	<u>314</u>
Total revenues	245,122	307,724	58,869	57,988
Expenses:				
General government	104,609	89,711	-	-
Public safety	35,762	44,285	-	-
Highways and streets	8,273	7,818	-	-
Cemetery	7,944	14,485	-	-
Sanitation	21,696	21,156	-	-
Culture and recreation	11,662	10,641	-	-
Utilities	<u>-</u>	<u>-</u>	<u>82,541</u>	<u>79,868</u>
Total expenses	<u>189,946</u>	<u>188,096</u>	<u>82,541</u>	<u>79,868</u>
Transfers:	<u>(1,215)</u>	<u>(1,291)</u>	<u>1,215</u>	<u>1,291</u>
Change in net assets	<u>\$ 53,961</u>	<u>\$ 118,337</u>	<u>\$ (22,457)</u>	<u>\$ (20,589)</u>

Revenue decreased \$62,602 in comparison to the previous year; the decrease is primarily a net result of a decrease in grant proceeds \$57,114, and a decline in sales tax revenue of \$10,515. General government expenditures increased \$14,898 while public safety and cemetery expenses declined \$8,523 and \$6,541 respectively. These slight department variations kept total governmental expenditures steady with the prior year with an increase of only \$1,850.



### **Financial Analysis of the Government's Funds**

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are two types of funds: governmental funds and proprietary funds.

**Governmental funds**—The focus of the Town's governmental funds is to provide information on near-term flows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$560,987, an increase of \$31,430 in comparison with the prior year. This total fund balance amount is \$67,226 restricted for roads, \$101,864 and \$235,859 is assigned for cemetery and capital projects respectively, and \$156,038 unassigned. Unassigned fund balances are available for spending at the government's discretion.

At the most recent fiscal year, the fund balance of the general fund was \$225,723, a decrease of \$36,793; and the capital project fund was \$335,264, an increase of \$68,223.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$156,038. As a measure of the general fund's liquidity, it may be useful to compare both unassigned general fund balance to total fund expenditures (excluding capital outlay). Unassigned fund balance represents 73% of total general fund expenditures excluding capital outlay.

**Proprietary funds**—The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The balance of net position of the utilities fund consisted of unrestricted net position of \$93,833, restricted net position of \$26,368, and capital assets net of related debt of \$1,165,697. The utility fund's net position decreased \$22,457. Other factors concerning the finances of this proprietary fund have already been addressed in the discussion of the Town's business-type activities.

### **Fund Budgetary Highlights**

Amendments may be made to the general funds' original budgets to more accurately reflect the expected expenses and revenue as the year progresses. The Town increased its budgeted expenses by \$18,990, and increased its budgeted revenues by \$62,186 for the recent fiscal year.

### **Capital Asset and Debt Administration**

**Capital assets**—The Town's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$213,833 (net of accumulated depreciation), an increase of \$22,434. Governmental activities' net capital assets increase was a result of capital asset purchases of \$50,294, which was greater than the current year depreciation of \$27,860. Business-type activities' capital assets were \$1,831,697 (net of accumulated depreciation), a decrease of \$57,843. Business-type activities' net capital assets decrease was a result current year depreciation of \$57,843.

Net Capital Assets	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Infrastructure & land	\$ 5,000	\$ 5,000	\$ 40,723	\$ 40,723
Buildings & equipment, net of depreciation	208,833	186,399	1,790,974	1,848,817
Total assets	<u>\$ 213,833</u>	<u>\$ 191,399</u>	<u>\$ 1,831,697</u>	<u>\$ 1,889,540</u>

**Long-term debt**—The Town had long-term debt activity for two revenue bonds during the year.

Long-term Debt	2015	2014
<b>Governmental Activities:</b>		
No debt activity	\$ -	\$ -
<b>Business-type Activities:</b>		
2011 Sewer Revenue Bond	473,000	491,000
State of Utah Revenue Bond	193,000	200,000
Total	<u>\$ 666,000</u>	<u>\$ 691,000</u>

#### **Economic Factors and Next Year's Budgets and Rates**

The Town's budget for next year is relatively similar to most recent year's actual expenses. No changes in budgeted tax revenues have been made for the next fiscal year. The tax rates are set to reach the same budgeted revenues.

#### **Modified Approach to Infrastructure Assets**

Governments have the option of not reporting depreciation on one or more networks or subsystems of their infrastructure assets. The Town has elected to not depreciate its infrastructure and therefore has adopted the modified approach. The modified approach requires a target condition and a condition assessment to be made at least every three years. The Town's assessment was done in 2015 with improvement in condition assessment. The Town believes that the current conditions of its roads and bridges can be maintained with the same level of expenditures that occurred during the most recent year end. Please refer to page 30 of these financial statements for a schedule of road conditions and target assessments.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town's secretary, Melba Markham, at (435) 454-3469.

**Town of Altamont**  
**STATEMENT OF NET POSITION**  
*June 30, 2015*

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 557,608	\$ 92,568	\$ 650,176
Cash restricted	-	26,368	26,368
Accounts receivable--property taxes	17,011	-	17,011
Accounts receivable--other	11,537	5,003	16,540
Internal balances	-	-	-
Total current assets	<u>586,156</u>	<u>123,939</u>	<u>710,095</u>
Non current assets:			
Capital assets:			
Infrastructure & land	5,000	40,723	45,723
Buildings & equipment, net of accum. depreciation	<u>208,833</u>	<u>1,790,974</u>	<u>1,999,807</u>
Total non current assets	<u>213,833</u>	<u>1,831,697</u>	<u>2,045,530</u>
Total assets	<u>\$ 799,989</u>	<u>\$ 1,955,636</u>	<u>\$ 2,755,625</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,451	\$ 119	\$ 1,570
Accrued payroll and payroll taxes	3,546	-	3,546
Accrued interest expense	-	3,619	3,619
Current portion note payable	-	25,000	25,000
Deferred grant revenue	<u>3,161</u>	<u>-</u>	<u>3,161</u>
Total current liabilities	<u>8,158</u>	<u>28,738</u>	<u>36,896</u>
Non current liabilities:			
Note payable, C.I.B.	<u>-</u>	<u>641,000</u>	<u>641,000</u>
Total non current liabilities	<u>-</u>	<u>641,000</u>	<u>641,000</u>
Total liabilities	<u>8,158</u>	<u>669,738</u>	<u>677,896</u>
Deferred inflows of resources - property taxes	<u>15,276</u>	<u>-</u>	<u>15,276</u>
Total liabilities and deferred inflows of resources	<u>23,434</u>	<u>669,738</u>	<u>693,172</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	213,833	1,165,697	1,379,530
Restricted (i.e. C roads, restricted cash)	67,226	26,368	93,594
Unrestricted	<u>495,496</u>	<u>93,833</u>	<u>589,329</u>
Total net position	<u>776,555</u>	<u>1,285,898</u>	<u>2,062,453</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 799,989</u>	<u>\$ 1,955,636</u>	<u>\$ 2,755,624</u>

**Town of Altamont**  
**STATEMENT OF ACTIVITIES**  
For the year ending June 30, 2015

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating	Capital Grants &	Total	Business-type	Total
		Services	Grants & Contributions	Contributions	Governmental Activities	Activities	
<b>Governmental Activities:</b>							
General government	\$ 104,609	1,636	\$ 384	\$ 22,886	\$ (79,703)	\$ -	\$ (79,703)
Public safety	35,762	38,613	-	-	2,851	-	2,851
Highways and streets	8,273	2,200	13,582	-	7,509	-	7,509
Sanitation	21,696	23,255	-	-	1,559	-	1,559
Cemetery	7,944	9,710	-	-	1,766	-	1,766
Culture and recreation	11,662	925	-	-	(10,737)	-	(10,737)
Community & economic development	-	-	-	-	-	-	-
Total governmental activities	189,945	76,339	13,966	22,886	(76,754)	-	(76,754)
<b>Business-type Activities:</b>							
Utilities	82,542	58,547	-	-	-	(23,995)	(23,995)
Total business-type activities	82,542	58,547	-	-	-	(23,995)	(23,995)
Total primary government	\$ 272,487	\$ 134,886	\$ 13,966	\$ 22,886	(76,754)	(23,995)	(100,749)
<b>General revenues:</b>							
Property taxes					18,606	-	18,606
Sales tax					107,735	-	107,735
Earnings on investments					5,590	323	5,913
<b>Transfers</b>					(1,215)	1,215	-
Total general revenues					130,717	1,538	132,255
Change in net position					53,962	(22,457)	31,505
Beginning net position					722,593	1,308,355	2,030,948
Ending net position					\$ 776,555	\$ 1,285,898	\$ 2,062,453

See accompanying notes. Page 12

**Town of Altamont**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
*June 30, 2015*

**Total Fund Balances for Governmental Funds** \$ 560,987

Total net assets reported for governmental activities in the statement of net assets is different because of the following accounting differences:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land	5,000	
Buildings and equipment	950,117	
Accumulated depreciation	<u>(741,286)</u>	
		213,831

Long-term debt, for funds other than enterprise funds, are recorded in the government-wide financial statements but not in the fund statements.

-

Deferred property tax revenue includes delinquent property taxes in the fund statements but not in the government-wide statements.

1,737

**Total Net Position of Governmental Activities** \$ 776,555

**Town of Altamont**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
*For the year ending June 30, 2015*

<b>Net Change in Fund Balances--Total Governmental Funds</b>	\$	31,430
--	----	--------

Amounts reported for governmental activities in the statement of activities are different because of the following accounting differences:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Gain on sale of fixed asset	-	
Capital outlays	50,294	
Depreciation	<u>(27,861)</u>	
Net		22,433

Government funds do not report delinquent taxes as revenue because these revenues are not available for current period expenses.	99
--	----

Governmental funds report debt services as an expenditure. However, repayment of debt does not affect the statement of activities but rather is a reduction of the statement of net assets' liability.	<u>-</u>
--	----------

<b>Change in Net Position of Governmental Activities</b>	\$	<u><u>53,962</u></u>
--	----	----------------------

**Town of Altamont**  
**BALANCE SHEET--GOVERNMENTAL FUNDS**  
*June 30, 2015*

	Governmental Funds		
	General Fund	Capital Projects Fund	Total
<b>Assets</b>			
Cash & savings	\$ 222,344	\$ 335,264	\$ 557,608
Cash restricted	-	-	-
Due from other funds	-	-	-
Accounts receivable--property taxes	17,011	-	17,011
Accounts receivable (net of allowance)	11,537	-	11,537
Total assets	<u>\$ 250,892</u>	<u>\$ 335,264</u>	<u>\$ 586,156</u>
<b>Liabilities and deferred inflows of resources</b>			
Accounts payable	\$ 1,451	\$ -	\$ 1,451
Accrued payroll liabilities	3,546	-	3,546
Due to other funds	-	-	-
Deferred grant revenue	3,161	-	3,161
Deferred inflows of resources - property tax	17,011	-	17,011
Total liabilities and deferred inflows of resources	<u>25,169</u>	<u>-</u>	<u>25,169</u>
<b>Fund Balances</b>			
Fund balances:			
Restricted			
Roads	67,226	-	67,226
Assigned			
Cemetery	2,459	99,405	101,864
Other	-	235,859	235,859
Unassigned	156,038	-	156,038
Total fund balances	<u>225,723</u>	<u>335,264</u>	<u>560,987</u>
Total liabilities, deferred inflows of resources, & fund balances	<u>\$ 250,892</u>	<u>\$ 335,264</u>	<u>\$ 586,156</u>

**Town of Altamont**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS**  
*For the year ending June 30, 2015*

	General Fund	Capital Projects Fund	Total
<b>Revenues</b>			
Taxes	\$ 126,241	\$ -	\$ 126,241
Licenses and permits	1,040	-	1,040
Charges for services	71,923	-	71,923
Intergovernmental	36,468	-	36,468
Royalties and interest	1,845	3,745	5,590
Miscellaneous revenues	3,761	-	3,761
Total operating revenue	241,278	3,745	245,023
<b>Expenditures</b>			
General government	99,274	-	99,274
Public safety	25,762	-	25,762
Highways and streets	2,230	-	2,230
Sanitation	21,696	-	21,696
Cemetery	7,944	-	7,944
Culture, recreation, parks	5,179	-	5,179
Community & economic development	-	-	-
Capital outlay:			
General	50,294	-	50,294
Parks	-	-	-
Fire	-	-	-
Roads	-	-	-
Total operating expenditures	212,379	-	212,379
Excess (deficiency) of revenues over (under) expenditures	28,899	3,745	32,644
<b>Other financing sources and (uses)</b>			
Sale of assets	-	-	-
Operating transfers in (out)	(65,693)	64,478	(1,215)
Net change in fund balances	(36,793)	68,223	31,430
Fund balances--beginning of year	262,516	267,041	529,557
Fund balances--end of year	\$ 225,723	\$ 335,264	\$ 560,987



**Town of Altamont**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL--GENERAL FUND**  
*For the year ending June 30, 2015*

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Taxes	\$ 103,859	\$ 124,600	\$ 126,241	\$ 1,641
Licenses and permits	1,350	1,170	1,040	(130)
Charges for services	74,300	81,150	71,923	(9,227)
Intergovernmental	13,400	43,400	36,468	(6,932)
Royalties and interest	2,100	5,490	1,845	(3,645)
Miscellaneous revenues	1,400	2,785	3,761	976
Total operating revenue	196,409	258,595	241,278	(17,317)
<b>Expenditures</b>				
General government	102,000	101,750	99,274	2,476
Public safety	50,000	29,000	25,762	3,238
Highways and streets	9,000	3,000	2,230	770
Sanitation	21,500	21,500	21,696	(196)
Cemetery	15,500	9,200	7,944	1,256
Culture, recreation, parks	9,000	7,700	5,179	2,521
Community & economic development	-	-	-	-
Capital outlay:				
General	-	53,840	50,294	3,546
Parks	-	-	-	-
Fire	-	-	-	-
Roads	-	-	-	-
Total operating expenditures	207,000	225,990	212,379	13,611
Excess of revenues over (under) operating expenditures	(10,591)	32,605	28,899	(3,706)
<b>Other Financing Sources and (Uses)</b>				
Operating transfers in (out)	(200,000)	(200,000)	(65,693)	134,307
Excess of revenues and other financing sources over (under) expenditures & other financing uses	(210,591)	(167,395)	(36,793)	130,602
Fund balances--beginning of year	262,516	262,516	262,516	-
Fund balances--end of year	\$ 51,925	\$ 95,121	\$ 225,723	\$ 130,602

**Town of Altamont**  
**STATEMENT OF NET POSITION -- PROPRIETARY FUNDS**  
*June 30, 2015*

	Enterprise (Utilities)
<b>ASSETS</b>	
Current assets:	
Cash & savings	\$ 92,568
Cash, restricted for construction	26,368
Accounts receivable--customers	<u>5,003</u>
Total current assets	123,939
Non current assets:	
Capital assets:	
Land	40,723
Buildings & equipment	2,537,581
Accumulated depreciation	<u>(746,607)</u>
Total non current assets	<u>1,831,697</u>
Total assets	<u><u>\$ 1,955,636</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 119
Accrued payroll and payroll taxes	-
Accrued interest expense	3,619
Due to general fund	-
Current portion note payable	<u>25,000</u>
Total current liabilities	28,738
Non current liabilities:	
Notes payable, long-term portion	<u>641,000</u>
Total non current liabilities	<u>641,000</u>
Total liabilities	669,738
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	1,165,697
Restricted (expendable grant & bond proceeds)	26,368
Unrestricted	<u>93,833</u>
Total net position	<u>1,285,898</u>
Total liabilities & net position	<u><u>\$ 1,955,636</u></u>

**Town of Altamont**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
*For the year ending June 30, 2015*

	Enterprise (Utilities)
<b>Operating Revenues</b>	
Charges for services:	
Sewer	\$ 41,070
Irrigation	17,477
Miscellaneous	-
Total operating revenues	<u>58,547</u>
<b>Operating Expenses</b>	
Wages, labor & benefits	6,894
Repairs	210
Supplies	3,353
Utilities	544
Irrigation assessment	3,204
Professional fees	1,500
Insurance	3,200
Interest expense	4,869
Licenses & permits	-
Miscellaneous	925
Depreciation	57,843
Total operating expenses	<u>82,542</u>
Operating income (loss)	<u>(23,995)</u>
<b>Non-Operating Revenue (Expenses)</b>	
Transfers in or (out)	1,215
Interest and royalties revenue	323
Total non-operating revenue (expense)	<u>1,538</u>
<b>Other Revenues (Expenses)</b>	
Grants	-
Change in net position	<u>(22,457)</u>
Net position-beginning	<u>1,308,355</u>
Net position-ending	<u><u>\$ 1,285,898</u></u>

**Town of Altamont**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the year ending June 30, 2015*

	Enterprise (Utilities)
<b>Cash Flows from Operations</b>	
Receipts from services	\$ 57,786
Paid for labor and wages	(6,894)
Paid interest	(5,000)
Paid for supplies and services	(12,816)
Net cash flows	33,076
<b>Cash Flows from Non-Capital Financing</b>	
Transfers	1,215
Donations	-
Net cash flows	1,215
<b>Cash Flows from Capital Financing</b>	
Principal payments--revenue bonds	(25,000)
Loan proceeds	-
Capital grants received	-
Net cash flows	(25,000)
<b>Cash Flows from Investing Activities</b>	
Acquisition of capital assets	-
Received from interest and royalties	323
Net cash flows	323
<b>Net increase (decrease) in cash</b>	<b>9,614</b>
Cash balance - beginning of year	109,322
Cash balance - end of year	\$ 118,936
<b>Reconciliation of Operating Income to Net Cash Provided from Operating Activity</b>	
Operating income (loss)	\$ (23,995)
Operating items not involving cash:	
Depreciation	57,843
Increase (decrease) in accrued interest, etc.	(131)
(Increase) decrease in accounts receivable	(760)
Increase (decrease) in payables, etc.	119
Net cash provided by operating activities	\$ 33,076

*Supplementary Information: Cash paid for interest expense was \$5,000.*

**Town of Altamont**  
**Notes to the Financial Statements**  
*June 30, 2015*

**Note 1 Summary of Significant Accounting Policies**

**Reporting Entity**– The accounting policies of the Town of Altamont conform to generally accepted accounting principles as applicable to governmental units. For financial reporting purposes, the Town has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and the (1) ability of the Town to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. The Town has no component units and is not a component unit. The following is a summary of the more significant policies:

**Government-Wide and Fund Financial Statements**–The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent of fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**–The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Town of Altamont**  
**Notes to the Financial Statements**  
*June 30, 2015*

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

*Policy regarding use of restricted resources*—When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. Restricted assets, non-current reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

The Town reports the following major governmental funds:

The *general fund* is the government’s primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

The *capital projects fund* is the government’s fund to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The Town reports the following major proprietary funds:

The *utilities fund* is used to account for the activities regarding sewer and irrigation management.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Indirect charges are not allocated but are charged to the general administration department.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town’s two proprietary funds are service charges for the use of a sewer system and fees collected for cemetery usage.

**Deposits and Investments**—The government’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Town of Altamont**  
**Notes to the Financial Statements**  
*June 30, 2015*

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the Town are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 3.

**Receivables and Payables**—Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to or due from other funds*.

Property taxes are assessed and collected for the Town by Duchesne County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**Inventories and Prepaid Items**—All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets**—In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets. Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

**Capital Assets**—Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is not depreciated. A modified approach will be used to disclose infrastructure activity.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives: buildings and improvements 20 to 50 years, equipment 3 to 8 years.

**Long-term Obligations**—In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the

**Town of Altamont**  
**Notes to the Financial Statements**  
*June 30, 2015*

terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**Fund Equity**—Equity is reported differently for the government-wide and fund financial statements.

*Government-wide Financial Statements*—equity is classified in the government-wide financial statements as net position and is displayed in three components:

**Invested in capital assets, net of related debt** - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** - All other net position that do not meet the definition of "restricted" or "invested" in capital assets, net of related debt."

*Fund Financial Statements*—In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Descriptions of each follow:

**Nonspendable fund balance** - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted fund balance** - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed fund balance** - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

**Assigned fund balance** - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

**Unassigned fund balance** - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements.

**Use of Estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Budgetary Process**—Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's



**Town of Altamont**  
**Notes to the Financial Statements**  
*June 30, 2015*

appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Town Council and management is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year-end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 75% of the current year's actual revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the Town Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, management may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**Exposures to Risks of Loss**—The Town minimizes its exposure to risks of loss through the purchase of commercial insurance. The Town considers uninsured exposure to risks of loss as immaterial.

**Interfund Transfers**—Funds were transferred between funds for the purpose of cash management.

**Interest Expense as a Direct Expense**—Interest expense is included as direct expenses of the applicable function. The business activity utility function includes \$4,869 interest expense.

**Deferred Outflows & Inflows of Resources**—In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

**Town of Altamont**  
**Notes to the Financial Statements**  
*June 30, 2015*

**Note 2 Capital Assets**

A summary of capital asset activity is listed below. These figures include the proprietary funds.

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
<b>Governmental Funds:</b>				
Land (not depreciated)	\$ 5,000	\$ -	\$ -	\$ 5,000
General	365,286	50,294	-	415,580
Roads & streets	133,156	-	-	133,156
Public safety, fire	243,818	-	-	243,818
Cemetery	29,857	-	-	29,857
Parks and recreation	127,707	-	-	127,707
Sub-total	904,825	50,294	-	955,119
<b>Proprietary Funds:</b>				
Land (not depreciated)	40,723	-	-	40,723
Sewer & irrigation system	2,537,581	-	-	2,537,581
Sub-total	2,578,304	-	-	2,578,304
<b>Accumulated Depreciation:</b>				
Proprietary funds	(688,766)	(57,843)	-	(746,609)
Governmental funds	(713,425)	(27,861)	-	(741,286)
Sub-total	(1,402,191)	(85,704)	-	(1,487,895)
Net Totals	<u>\$ 2,080,938</u>	<u>\$ (35,410)</u>	<u>\$ -</u>	<u>\$ 2,045,528</u>

Depreciation expense for the year ended June 30, 2015 was allocated to functions of the Town's governmental and business-type activities as follows:

Governmental Funds

General	\$ 5,335
Roads & streets	6,043
Public safety, fire	10,000
Cemetery	-
Parks and recreation	6,483
Total	<u>\$ 27,861</u>

Proprietary Funds

Utilities (Sewer & Irrigation)	<u>\$ 57,843</u>
Total	<u>\$ 57,843</u>

**Town of Altamont**  
**Notes to the Financial Statements**  
*June 30, 2015*

**Note 3 Cash Deposits and Investments**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Reconciliation to the Balance Sheet					
Balance Sheet			Deposits & Investments		
Cash	\$	650,175	Checking, savings & money markets	\$	173,244
Cash restricted		26,368	Certificate of Deposit		286,182
		-	Utah Public Treasurer's Pool		217,117
Total	\$	<u>676,543</u>	Total	\$	<u>676,543</u>

Description	Type	June 30, 2015	Fair Market Value	Investment Maturity	Quality Rating
Checking, savings, money markets	Deposit	\$ 173,244	\$ 173,244	n/a	n/a
Certificate of Deposit	Deposit	286,182	286,182	1-5 yrs	Unrated
Utah Public Treasurer's Inv. Pool	Investment	217,117	217,117	Under 1 yr	Unrated
		<u>\$ 676,543</u>	<u>\$ 676,543</u>		

**Deposits**

The Town follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Town funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

***Custodial Credit Risk***—Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2015, \$211,190 of the Town's bank balances of \$461,190 was uninsured and uncollateralized. The Town's carrying balance for deposits was \$459,427. These deposits include checking and savings accounts at Mountain America Credit Union.

**Investments**

The Money Management Act defines the types of securities authorized as appropriate investments for the Town and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

**Town of Altamont**  
**Notes to the Financial Statements**  
*June 30, 2015*

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses (net of administration fees), of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

**Interest Rate Risk**—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

**Credit Risk**— Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

**Concentration of Credit Risk**—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

**Custodial Credit Risk**—Custodial credit risk is the risk that, in the event of a bank failure, the Town's investment may not be returned to it. This risk is addressed through the policy of investing excess monies only in PTIF. The Town's PTIF investment follows the rules of the Utah Money Management Council.

**Town of Altamont**  
**Notes to the Financial Statements**  
*June 30, 2015*

**Note 4 Long-term Obligations**

Long-term Obligation	June 30, 2014	Additions	Deletions	June 30, 2015	Current Portion
<u>Governmental Funds</u>					
A--No activity	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Enterprise Funds</u>					
Bond, due in annual installments of \$12,446 through fiscal year 2034; interest at 2.5%	200,000	-	(7,000)	193,000	7,000
C--2011 Sewer Revenue Bond, due in annual installments of \$18,000 through fiscal year 2042; interest at 0%	491,000	-	(18,000)	473,000	18,000
Totals	<u>\$ 691,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ 666,000</u>	<u>\$ 25,000</u>

The general fund typically pays governmental fund debt, when applicable. The annual requirements to amortize all debt outstanding as of June 30, 2015 are as follows:

Year	Principal	Interest	Total
2016	\$ 25,000	\$ 4,825	\$ 29,825
2017	25,000	4,650	29,650
2018	25,000	4,475	29,475
2019	25,000	4,300	29,300
2020	25,000	4,125	29,125
2021-2025	125,000	18,000	143,000
2026-2030	125,000	13,625	138,625
2031-2035	125,000	9,250	134,250
2036-2040	125,000	4,875	129,875
2041-2046	41,000	825	41,825
Totals	<u>\$ 666,000</u>	<u>\$ 68,950</u>	<u>\$ 734,950</u>

**Note 5 Lease Commitment and Construction Commitment**

The Town has entered into an agreement with Duchesne County to pay the County \$2,250/year for 16 years for the use of fire equipment. The lease payment began for Altamont in year 2003 and expires in 2018.

**Town of Altamont**  
**SCHEDULE OF CONDITION ASSESSMENT FOR INFRASTRUCTURE**  
**Required Supplemental Information**  
*June 30, 2015*

Type of Infrastructure:	Condition Assessment (5 is best)					Total Miles
	1	2	3	4	5	
<b>Roads</b>						
Paved road 24' wide, 30' wide with shoulders	-	-	-	-	3	3
Actual percentage	0%	0%	0%	0%	100%	
Target condition percentage	10%	10%	80%	0%	0%	
Gravel roads with no shoulders--18' to 24' wide	-	-	1	-	-	1
Actual percentage	0%	0%	100%	0%	0%	
Target condition percentage	10%	10%	80%	0%	0%	
Dirt roads with no shoulders--16' to 24' wide	-	-	-	-	-	-
Actual percentage	0%	0%	0%	0%	0%	
Target condition percentage	10%	10%	80%	0%	0%	

Estimated annual amount at beginning of fiscal year to maintain and preserve the condition level established compared with the amounts actually expended in the past five reporting periods.

<u>Year</u>	<u>Budget</u>	<u>Actual</u>
2016	3,000	-
2015	3,000	2,230
2014	3,000	1,775
2013	4,000	5,609
2012	4,000	2,894
2011	9,400	4,847

**Note:**

An assessment of 1 indicates a poor road condition and a 5 indicates the best road condition. The Town of Altamont has adopted the above listed targets for road conditions. The Town has the opportunity to adopt a new standard as necessary. The Town assessed the entire system in the fiscal year-end June 30, 2015. The Town has agreed to assess road conditions at least once every three years.

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

## **Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Town Council  
Altamont, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities of the Town of Altamont as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Altamont's basic financial statements, and have issued our report thereon dated December 18, 2015.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance

As part of obtaining reasonable assurance about whether Town of Altamont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Aycock, Miles & Associates, CPAs*

December 18, 2015

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

## Utah State Compliance Report

Town Council  
Altamont, Utah

We have audited the Town of Altamont's compliance with the applicable general state and major state program compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor that could have a direct and material effect on the Town or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas: budgetary compliance, fund balance, conflict of interest, and nepotism.

The Town received funding from the State of Utah. None of these programs are considered major in accordance with Utah State Compliance Guide.

### ***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the Town's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State Compliance Audit Guide. Those standards and the State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Town or its major state programs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

### ***Opinion on General State Compliance Requirements and Each Major State Program***

In our opinion, the Town of Altamont complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Town or on each of its major state programs for the year ended June 30, 2015.

### ***Other Matters***

The results of our auditing procedures two instances of noncompliance which are required to be reported in accordance with the State Compliance Audit Guide. Please see schedule of findings.



# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

## ***Report On Internal Control Over Compliance***

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the compliance requirements that could have a direct and material effect on the Town or on each major state program to determine the auditing procedures that are

appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the State of Utah Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Aycock, Miles & Associates, CPAs*

December 18, 2015

Town of Altamont  
**Schedule of Findings and Management Responses**  
*Year Ended June 30, 2015*

- 2015-1      *Finding*—Town of Altamont exceeded their legally adopted budget in the proprietary fund.
- Criteria*— The Town is required to spend within its annual budget that has been formally approved by the Town Council and discussed in a required public hearing.
- Effect*—Expenditures exceeded the expectations of the Council and the public.
- Recommendation*—We recommend that the Town properly budget for depreciation expense in the budget adoption process for the proprietary fund.
- Management Response*—The Town agrees with the auditor recommendations. The Town will properly budget for depreciation in the proprietary fund.
- 
- 2015-2      *Finding*—The Town of Altamont has not posted council approved minutes to the Utah Public Notice Website within three days of approval.
- Criteria*— Per Utah code 52-4-203, the Town should upload the minutes to the Utah Public Notice Website within three days of meeting minutes being approved.
- Effect*—The public would have limited access to topics, issues discussed, and decisions made concerning the Town.
- Recommendation*—We recommend the Town post minutes to the Utah Public Notice Website within three days of the meeting minutes being approved.
- Management Response*—The Town agrees with the auditor recommendations. The Town will post council approved minutes to the Utah Public Notice Website within the required three days.